

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**Docket No. 2008-328-C**

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In Re:

Application of Time Warner Cable  
Information Services (South Carolina) LLC,  
d/b/a Time Warner Cable to Amend its  
Certificate of Public Convenience and  
Necessity to Provide Telephone Services in the  
Service Area of PBT Telecom, Inc. and  
For Alternative Regulation

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**TESTIMONY OF**

**JULIE P. LAINE**

**ON BEHALF OF**

**TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA), LLC**

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE  
2 RECORD.

3 A. My name is Julie P. Laine and I am Group Vice President, Regulatory. My business address  
4 is 290 Harbor Drive, Stamford, Connecticut 06902. My telephone number is (203) 328-4840  
5 and my email address is [Julie.Laine@twCable.com](mailto:Julie.Laine@twCable.com).

6 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

7 A. I am responsible for legal and regulatory matters relating to Time Warner Cable's voice,  
8 video and data services.

9 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND  
10 EXPERIENCE.

11 A. I am an attorney who has specialized in the area of communications. I began my law career  
12 as a law clerk in the U.S. District Court for the District of New Jersey and later served as an  
13 Adjunct Professor at the Seton Hall Law School. I then practiced communications law in  
14 private practice in Washington, D.C. for several years. I then served as an Attorney Advisor  
15 in the Policy Division of the Federal Communications Commission's Common Carrier  
16 Bureau where I worked on issues relating to local telephone competition, broadband  
17 deployment and telecommunications mergers. I joined Time Warner Cable in 2002 from IP  
18 telephony company Net2Phone, Inc. where I was Associate General Counsel. Prior to  
19 becoming Time Warner Cable's Group Vice President, Regulatory, I was Vice President and  
20 Chief Counsel, Telephony. I received my undergraduate degree from the University of  
21 Pennsylvania and my law degree from the College of William & Mary. I am a recent  
22 graduate of the Betsy Magness Leadership Institute, Women in Cable Telecommunications'  
23 flagship executive development program that provides intensive, yearlong training for  
24 senior-level women ready to take on significant leadership responsibilities.

1 Q. PLEASE BRIEFLY DESCRIBE YOUR COMPANY'S CORPORATE STRUCTURE.

2 A. Time Warner Cable Information Services (South Carolina) LLC ("TWCIS") is a limited  
3 liability company organized under the laws of the State of Delaware. TWCIS is an indirect  
4 subsidiary of Time Warner Inc. and a wholly-owned, indirect subsidiary of Time Warner  
5 Cable Inc. ("TWC"). On May 21, 2008 Time Warner Inc. and TWC announced a plan to  
6 effect a complete separation of TWC from Time Warner Inc. The separation does not affect  
7 the ownership interests held by TWC in TWCIS. This transaction separates the Time Warner  
8 Inc. media content businesses from the TWC content delivery and communications services  
9 platforms. It will not result in any substantial transfer of control or TWCIS or any change to  
10 any customer's carrier or to the rates, terms and conditions governing TWCIS' South  
11 Carolina services.

12 Q. ARE YOU FAMILIAR WITH THE APPLICATION TIME WARNER CABLE  
13 INFORMATION SERVICES (SOUTH CAROLINA), LLC SUBMITTED TO THIS  
14 COMMISSION?

15 A. Yes.

16 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

17 A. The purpose of my testimony is to present evidence concerning the financial, technical and  
18 managerial abilities of TWCIS and to discuss the proposed expansion of our certificated  
19 authority to include PBT Telecom, Inc.'s ("PBT") service area.

20 Q. PLEASE DISCUSS THE MANAGERIAL ABILITY OF TWCIS TO PROVIDE  
21 TELEPHONE SERVICES IN SOUTH CAROLINA.

22 A. In Order Nos. 2004-213 and 2005-381(A) the Commission concluded that TWCIS possesses  
23 the managerial and technical resources to provide its interconnected VoIP telephone  
24 services. We will rely on our current management team for technical and managerial support.

1 TWCIS will rely on its local employees headed by Charlene Keys. Locally and nationally,  
2 TWCIS is managed and operated by a team of well-qualified and seasoned  
3 telecommunications professionals who are providing state of the art services. Additional  
4 information concerning our local management and technical resources is provided in the  
5 testimony of TWCIS witness Charlene Keys.

6 Q. DESCRIBE TWCIS' FINANCIAL RESOURCES.

7 A. The Commission concluded in Order Nos. 2004-213 and 2005-381(A) that TWCIS is  
8 financially qualified to provide telephone services in South Carolina. The 2007  
9 Telecommunications Company Annual Report filed by TWCIS with the Office of  
10 Regulatory Staff and the Commission illustrates the current financial health of the company.  
11 TWCIS' total revenues for 2007 totaled over \$33 million with net income of \$5 million.  
12 TWCIS also maintains a close relationship with its parent, TWC, which provides funding,  
13 financing, and the capital necessary to provide services to customers in the expanded service  
14 area.

15 Q. PLEASE DESCRIBE THE OPERATIONS OF TWCIS AND THE SERVICES IT  
16 PROPOSES TO OFFER IN PBT'S AREA.

17 A. TWCIS plans to provide facilities-based interconnected Voice Over Internet Protocol  
18 ("VoIP") telephone services and intrastate point to point, private line telecommunications  
19 services in PBT Telephone's service area under the alternative regulatory scheme approved  
20 in Docket No. 2003-362-C. TWCIS provides its voice service using Internet protocol ("IP")  
21 technology, the Company's privately managed IP network, and the public switched  
22 telephone network. These voice services are offered to both residential and commercial  
23 customers. In addition, TWCIS plans to provide intrastate telecommunications services to  
24 both wholesale and retail commercial customers. These services, which are comprised of

1 non-voice transmission services, provide high-capacity, point-to-point, point-to-multipoint  
2 and multipoint-to-multipoint dedicated connections between one or more customer locations  
3 and/or TWCIS. These are the same services described in our current South Carolina Tariff  
4 No. 1 on file with the Commission. Ms. Keys will provide more details in regard to our local  
5 operations and services in her testimony.

6 Q. WHERE DOES TWCIS PLAN TO PROVIDE ITS DIGITAL PHONE SERVICE?

7 A. TWCIS will offer its services to every consumer it can reach within its network  
8 infrastructure in the PBT's service area. As a normal part of its cable business, Time Warner  
9 Cable regularly expands its network into new areas as business conditions warrant. As the  
10 Time Warner Cable network expands, TWCIS will be able to offer its voice services to  
11 additional customers in PBT's service area.

12 Q. HOW WILL TWCIS BILL FOR ITS SERVICES?

13 A. Consumers will be billed for their voice services on a single monthly billing statement which  
14 includes any other Time Warner Cable services.

15 Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?

16 A. Customers can contact the company's customer service centers by calling the following  
17 numbers:

18	Columbia	(803) 252-2253
19	Orangeburg	(803) 534-7373
20	Sumter	(803) 469-2200
21	Myrtle Beach	(843) 913-7941
22	Florence	(843) 662-8191
23	Summerville	(843) 871-7000

24 Customer service representatives are available twenty-four hours per day, seven days a  
25 week.

26 Q. PLEASE EXPLAIN WHY TWCIS IS SEEKING EXEMPTIONS FROM SOME SOUTH

CAROLINA REGULATORY REQUIREMENTS.

A. The Commission granted TWCIS certain waivers in Order Nos. 2004-213 and 2005-385(A). TWCIS requests a continued waiver of the same requirements in regard to this request to amend its certificate for this additional service area. Specifically, the Commission waived the requirements of 26 S.C. Regs. 103-610 (maintaining all record in South Carolina), 103-631 (directories), and exempted TWCIS from any requirement that it maintain its financial records in accordance with the Uniform System of Accounts.

Q. IN YOUR OPINION, WOULD THE ISSUANCE OF AN AMENDED CERTIFICATE TO TWCIS BE IN THE PUBLIC INTEREST?

A. Yes. Digital Phone has given more than 3 million customers across the nation a competitive alternative for voice services. Competition serves the public interest by bringing about lower rates, improved quality of service, and enhanced services. Amending the certificate will increase competition in PBT's telecommunications market using a new technology. As the proposed service relies on existing cable television facilities to reach customer premises, the service represents one of the best hopes for viable competition in the residential telephone market. Granting TWCIS' application will serve the public interest by allowing South Carolina residential consumers in PBT's service areas to have access, in many cases for the first time, to a facilities-based competitive local telephone service. In addition, voice over IP technology can link phone calls with other data which makes several new services possible. Furthermore, TWCIS has made a significant investment within South Carolina and provides employment opportunities for South Carolina residents.

Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE?

A. No, granting our application will greatly enhance the availability of affordable local exchange service in the State of South Carolina through the introduction of increased competition and alternative service offerings using a new technology. PBT is effectively held

1 harmless against lines being lost to competitors by the federal universal service fund support  
2 it receives. PBT Telephone receives subsidies from both the state and federal universal  
3 funds. The amount of per-line support from the federal fund increases as the number of lines  
4 served declines.<sup>1</sup> In 2007, PBT received \$1,536,904 from the state fund alone and the current  
5 guidelines allow PBT to seek additional funding. This issue is discussed in more detail by  
6 TWCIS witness Warren Fischer.

7 Q. PLEASE DESCRIBE THE FEDERAL UNIVERSAL SUPPORT MECHANISMS THAT  
8 COULD HELP OFFSET ANY DECREASE IN REVENUES TO PBT CAUSED BY THE  
9 LOSS OF SUBSCRIBER LINES.

10 A. There are several federal universal support mechanisms that could help to offset an RLEC's  
11 decreased revenue caused by the loss of subscriber lines. First, with a decrease in the  
12 number of lines served, an RLEC's average cost per working loop would increase relative to  
13 the national average, and it would therefore be eligible for increased federal High Cost Loop  
14 support.<sup>2</sup> Second, a loss of lines could produce a higher local switching support factor,  
15 entitling an RLEC to additional federal support for local switching costs.<sup>3</sup> Third, any  
16 revenue lost from subscriber line charges (SLCs) would be fully offset by increased  
17 Interstate Common Line Support (ICLS).<sup>4</sup> Under each of these federal universal support  
18 mechanisms, an RLEC's level of support per-line would only increase, assuming that its  
19 fixed costs remained roughly the same.<sup>5</sup> An RLEC could also obtain additional revenue by

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1 See *Federal-State Board on Universal Service*, 14<sup>th</sup> Report and Order, 22<sup>nd</sup> Order on Reconsideration, and Further Notice of Proposed Rulemaking, 16 FCC Rcd 11244, 11294 ¶ 125 (2001) ("If the incumbent's lines decreased while its fixed costs remained roughly the same, its per-line costs would increase. Consequently, the incumbent would be entitled to higher support per line.")

2 See 47 C.F.R. §§ 36.621, 36.631.

3 See 47 C.F.R. §§ 36.125(f), 54.301.

4 See 47 C.F.R. § 54.901.

5 16 FCC Rcd 11244, 11294 ¶ 125

1 rebalancing its retail rates or by seeking additional support under the state universal service  
2 funding scheme.

3 Q. DOES TWICS CONTRIBUTE TO THE UNIVERSAL SERVICE FUNDS?

4 A. TWCIS currently contributes to the state and federal universal service funds based on its  
5 interconnected VoIP revenues and revenues derived from the sale of high capacity  
6 transmission/telecommunications services in South Carolina. In 2007, TWCIS contributed  
7 \$279,918 to the state universal service fund and \$1,358,615 to the federal universal service  
8 fund.

9 Q. DOES TWCIS PAY ACCESS CHARGES AND OTHER INTERCARRIER  
10 COMPENSATION?

11 A. We do pay access charges, intercarrier compensation, reciprocal compensation, all other  
12 regulatory fees, and taxes. In addition to paying access charges, we also collect access  
13 charges for the use of our network in those places where we have direct interconnection  
14 agreements with incumbent LECs. In order to provide voice services in South Carolina,  
15 TWCIS entered into a contractual relationship with Sprint Communications Co., LP  
16 ("Sprint) to purchase wholesale telecommunications. Our contract with Sprint provides for  
17 payment of the appropriate access charges based on the originating and terminating  
18 telephone numbers as required.

19 Q. WHAT SERVICES DOES SPRINT PROVIDE TO TWCIS?

20 A. Sprint provides the physical interconnection to the public switched telephone network  
21 needed for TWCIS to offer its retail VoIP services to the public. Sprint also provides 911,  
22 long distance, and operator/directory assistance services.

23 Q. WILL THE SERVICE TWCIS INTENDS TO PROVIDE MEET THE SERVICE  
24 STANDARDS OF THE COMMISSION?



1 A. Yes, TWCIS will comply with all applicable service standards established by the  
2 Commission.

3 Q. IN WHAT OTHER STATES HAS TWCIS OR AFFILIATED ENTITIES BEEN  
4 CERTIFIED TO PROVIDE LOCAL AND/OR INTEREXCHANGE  
5 TELECOMMUNICATIONS SERVICES?

6 A. Affiliated entities are certificated in New York, Maine, North Carolina, Texas, Kansas,  
7 Missouri, California, Wisconsin, New Hampshire, Hawaii, Nebraska, Massachusetts, Ohio,  
8 West Virginia, Indiana, Mississippi, Oklahoma, Kentucky, Arizona, Georgia, Alabama, and  
9 Washington.

10 Q. DOES TWCIS OR AFFILIATED ENTITIES CURRENTLY HAVE APPLICATION  
11 PENDING IN OTHER STATES?

12 A. Yes. We have applications pending in New Jersey, Arizona and Colorado.

13 Q. IS TWCIS REQUESTING ALTERNATIVE REGULATORY TREATMENT FOR THE  
14 EXPANDED SERVICE AREA?

15 A. The Commission authorized TWCIS to implement an alternative regulatory plan under S.C.  
16 Code Sections 58-9-575 and 58-9-585 in Order No. 2004-495. TWCIS requests to be  
17 allowed to operate under the same alternative regulatory scheme in PBT's service area.  
18 Under the alternative regulatory treatment, the Commission does not fix or prescribe the  
19 rates, tolls, charges, or rate structures for TWCIS.

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

21 A. Yes.